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Venezuela Economic Outlook

By Arca Análisis Económico

Here is our monthly summary of recent economic developments in Venezuela:

- Following the expiration of Chevron's General License 41B, Petróleos de Venezuela, S.A. (PDVSA) has directly assumed the operation of the joint ventures in which the U.S. company was a minority partner. Instead of a new general license, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued private guidelines for Chevron's presence in Venezuela. Permitted activities include asset preservation, minimal facility maintenance, infrastructure oversight and participation in internal meetings.

- Furthermore, the suspension of various sources of exchange rate information has generated uncertainty in the market and concerns about possible changes in exchange rate policy. It highlights the importance of having reliable sources that reflect supply and demand prices on public platforms, with Binance being one of the most significant. It is recommended to closely monitor official decisions regarding foreign exchange information.

- Likewise, a readjustment in the foreign exchange supply has been evident. Between January 2025 and May 2025, the foreign exchange market received a monthly average of $445 million from the Central Bank of Venezuela (BCV) and licensed companies. Since mid-April 2025, the decline in these companies' sales has been offset by an increase in BCV sales. Although the total supply has remained stable, its composition has varied: oil companies' electronic currency disappeared in May 2025, replaced by cash sold by the BCV.

- As for the BCV exchange rate, it increased by 1.8 percent last week over four business days, with an average inter-day increase of 0.5 percent over the last two weeks. Given the pace of increases in alternative market prices, sharp adjustments to the BCV exchange rate are expected to avoid further exchange rate differentials at least once a month.

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U.S. Sanctions Against Venezuelan Officials: Legal and Economic Implications

By Holland & Knight

The sanctions imposed by the United States on Venezuelan officials have been a key element in the international pressure strategy against Nicolás Maduro's government. In recent months, the U.S. administration has intensified these measures, expanding the list of sanctioned individuals and reinforcing economic and legal restrictions on the Venezuelan regime. The U.S. administration has justified these actions by arguing that the sanctioned officials have engaged in acts of political repression, corruption and electoral manipulation, thereby undermining the country's democratic stability.

On May 27, 2025, the U.S. Department of the Treasury announced sanctions against 21 high-ranking Venezuelan officials accused of facilitating political repression and manipulating the results of the presidential election held on July 28, 2024, in which Maduro was declared the winner. Among those sanctioned are key government figures, including Aníbal Coronado, minister of the presidential office; Freddy Ñáñez, minister of communications; and Julio García Zerpa, minister of penitentiary services. Also included are senior officials from security forces such as the Bolivarian National Guard, Bolivarian National Police, Bolivarian National Intelligence Service and General Directorate of Military Counterintelligence.

The sanctions imposed by the U.S. freeze the assets of the affected individuals within U.S. jurisdiction and prohibit any financial transactions with them. Additionally, visa restrictions have been implemented, preventing these officials from entering the U.S.

From a legal standpoint, these sanctions are based on the Venezuela Democracy Responsibility Act and executive orders issued by the White House, which authorize the Treasury Department to take action against individuals and entities involved in human rights violations and corruption. The Treasury Department's Office of Foreign Assets Control (OFAC) has enforced these measures, progressively expanding the list of sanctioned individuals. More than 150 individuals and 100 Venezuelan entities have been subjected to U.S. sanctions.

The impact of these sanctions has been significant, affecting not only the sanctioned individuals but also the economic structure of the Venezuelan government. The exclusion of key officials from the international financial system has hindered the regime's ability to access resources and conduct transactions in U.S. dollars. Furthermore, pressure on the energy sector has limited Venezuela's ability to negotiate commercial agreements with foreign companies, particularly in the oil industry.

In response, Maduro's government has denounced these sanctions as an "imperialist aggression" and has sought alternatives to circumvent the restrictions. In recent months, Venezuela has strengthened its relations with Russia, China and Iran, exploring financial mechanisms that could allow it to evade U.S. sanctions. However, the effectiveness of these strategies has been limited, and the country's economic crisis continues to deepen.

In conclusion, the sanctions imposed by the U.S. on Venezuelan officials in May and June 2025 reflect a sustained pressure strategy against Maduro's government. The expansion of the list of sanctioned individuals and tightening of financial restrictions have increased the regime's isolation, although their impact on Venezuela's political stability remains uncertain. In the coming months, the evolution of these measures will depend on the internal political dynamics in Washington, D.C., and the Venezuelan government's ability to find alternatives to circumvent the sanctions.

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Venezuela Enacted the Capital District Tax System Law

By Tinoco Travieso Planchart & Nuñez

The National Assembly of the Bolivarian Republic of Venezuela enacted the Capital District Tax System Law, published in the *Official Gazette* No. 6,909 Extraordinary of June 2, 2025.

The purpose of the law is to regulate the creation, organization, collection, control, oversight, inspection, verification, safeguarding and administration of the one-per-thousand (1x1000) tax, fees, electronic fiscal stamp and penalties under the jurisdiction of the Capital District.

The law applies to all activities that generate the tax payments established in this law within the jurisdiction of the Capital District.

The regulations establish that the following taxes shall be the responsibility of the Capital District: 1) tax on credit instruments, 2) tax on any means of payment, 3) administrative and service fees, and 4) electronic fiscal stamp.

Taxes, additional taxes and penalties will be calculated using the dynamic unit of account resulting from the exchange rate of the highest valued currency published by the Central Bank of Venezuela (BCV). Obligations will be paid exclusively in bolivars at the exchange rate in effect on the date of payment.

The Capital District Tax Administration may designate directly responsible parties as withholding and collection agents.

A tax of 1x1000 is established, which taxes the granting of credit instruments and means of payment.

The corresponding rate will be charged for general inspections, certification of documents, digitization of plans, maps, files or other documents, as well as obtaining copies, enabling services, among other cases contemplated by the law.

The collection of the electronic fiscal stamp is established, which will serve as an instrument for the issuance and use of fiscal instruments such as stamped paper, stamps and seals. Its organization and collection are the responsibility of the Capital District Tax Administration through the corresponding automated system, which will be required for the actions and services provided by the Capital District Tax Administration.

Under no circumstances may the presentation of the electronic tax stamp be required when the service or document obtained by the taxpayer is collected through fees by the Capital District Tax Administration.

As of the entry into force of this law, the Special Tax Stamp Law for the Capital District, published in *Official Gazette* No. 39,913, dated May 2, 2012, is hereby repealed, as well as any other legal instrument that conflicts with this law.

Effective Date: As of its publication in the *Official Gazette* on June 2, 2025.

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